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Office of Intelligence Research

Intelligence Report

IR 6709

November 9, 1954

State Dept. declassification & release
instructions on file

WEST EUROPEAN EXPORTS OF COPPER WIRE AND CABLE TO THE SOVIET BLOC

Abstract

Since the relaxation of trade controls on August 16, 1954, bloc orders for copper wire and cable in the UK and West Germany have increased substantially. The UK has approved exports to the bloc of 9,632 metric tons for the six-month period ending February 15, 1955. Of this amount it is estimated that over 5,000 tons were of the types formerly embargoed. This is as much as was shipped over the entire four-year period 1946-49 when no controls were in effect. West Germany also has reported sharp increases in bloc orders of copper wire and cable. It is sufficiently concerned about this development that it intends to propose that copper wire and cable be restored to the international embargo list. Soviet bloc imports of copper wire and cable represent only a relatively small proportion of its production of copper metal. However, if the recent increase in bloc purchases of copper wire and cable from Western Europe continues the result would be a partial nullification of the COCOM objectives sought by embargoing raw copper.

INTRODUCTION

This report has been prepared as background for US officials dealing with East-West trade problems. During the recent discussions on the revision of the international lists, COCOM countries agreed to continue the embargo on eastbound shipments of copper ores, concentrates, regulus and matte and of copper and copper alloy metal, scrap, primary shapes and certain semifinished products. However, uncovered copper and copper alloy wire and cable were removed from the embargo list on August 16, 1954.¹

1. See Appendix A for the definition of copper on International List I and for the definition of copper wire and cable removed from the embargo list.

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Since that date the British Board of trade has approved licenses for export to the bloc¹ of 9,632 metric tons² of copper wire and cable much of which is of the previously embargoed types. West German officials also have reported a sharp increase in orders for previously embargoed copper wire and cable from the Soviet bloc. If the present level of orders continues, it could partly nullify the objectives sought by embargoing raw copper and semi-finished products. The West German government is sufficiently concerned about the problem that it intends to propose in COCOM that decontrolled copper wire and cable be restored to the embargo list.

Accordingly, it is useful at this time to compare the recent trend in West European orders from the bloc for copper wire and cable with exports prior to the embargo. The countries covered are UK, Belgium, West Germany and Sweden.³ In addition some recently reported covert shipments of copper wire to the bloc are noted.

HISTORICAL EXPORTS OF PRINCIPAL EUROPEAN PRODUCERS

The UK, Belgium, West Germany and Sweden are the principal West European producers and exporters of copper and copper alloy wire and cable and/or insulated wire and cable. In the base period 1946-49⁴ most UK exports of these products went to Empire countries. Shipments from West Germany, Belgium and Sweden went principally to Western Europe, with lesser amounts going to Africa, Asia and Latin America. Except for Belgium, the Soviet bloc was not an important market for copper wire and cable.

The UK exported about 12,770 metric tons of copper wire and cable to the Soviet bloc in the period 1946-49, but only about 5,400 tons were of the formerly embargoed types. Of this amount, it is estimated that 120 to 160 tons were of covered wire defined in Appendix A. The UK shipments to the bloc of the types of wire and cable which had been under international control amounted to only about 5 percent of its total exports of uncovered wire and cable during the base period.

1. The "bloc" in this report is defined as "the USSR and European Satellites". Shipments of copper wire and cable to Communist China are still prohibited.
2. All tons in this report are metric tons.
3. Sweden is not a member of COCOM, but has agreed to cooperate in prohibiting the exports of International List I items to the bloc.
4. The years 1946-49 have been selected because this is the most recent period when copper could be exported to the bloc freely although free world demand exceeded supply. Copper was in tight supply especially following the outbreak of the Korean War in mid-1950 and it was subsequently embargoed to the Soviet bloc.

This report was prepared by the Division of Functional Intelligence from information available through October 29, 1954.

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Data are not available on West Germany's exports of copper and copper alloy wire and cable in 1946 and 1947, but they are believed to have been small. Shipments of uncovered wire and cable totalled only 1541 metric tons in 1948 and 1949 but increased to 5,081 tons in 1950 and 7,500 tons in 1953. West Germany exported none of the formerly embargoed types of wire and cable to the Soviet bloc in 1946 and 1947 and only 76 tons in 1948-49 or 5 percent of its total shipments. Only 5 tons of insulated wire and cable, presumably non-embargoed types, went to the bloc in 1948-49.

Sweden exported 465 tons of uncovered copper wire and cable to the Soviet bloc in 1946-49 or slightly more than 1 percent of its total shipments. Exports of covered wire and cable were only 1775 tons in 1946-47 of which 77 tons moved to the European satellites.

Belgium was the principal West European exporter of uncovered and covered copper wire and cable to the bloc. Shipments aggregated 15,800 tons in the base period 1946-49 and 5,300 tons in 1950. It is difficult to determine what proportion of these exports were the formerly embargoed types because of commodity classifications used. In the base period 1946-49 and in 1950 a portion of the reported Belgium exports of uncovered copper and copper alloy wire and cable is included with wire bars and rods. Available data for the last seven months of 1950 indicate that of the total exports of 5,231 metric tons to the satellites in that year no more than 1,000 tons could have consisted of wire bars. If this same ratio obtained in the base period shipments of uncovered copper wire and cable to the European satellites and the USSR in 1946-49 (table 1) would have amounted to roughly 9,000 metric tons. Belgium shipments to the bloc of covered wire and cable which have not been embargoed totalled about 4,400 metric tons in 1946-49. These shipments were made primarily to the USSR in 1949. (see table 1).

Except for Belgian shipments to Czechoslovakia, exports of uncovered copper wire and cable from the principal West European producers to individual bloc countries were irregular during the base period of 1946-49. Moreover, with the exception of Belgian, these exports represented only a small fraction of total exports of uncovered wire and cable generally less than 5 percent.

COMPARISON OF RECENTLY APPROVED UK EXPORTS TO THE BLOC WITH ITS HISTORICAL TRADE PATTERN

It is reported that following the relaxation of controls on copper wire and cable in August 1954 bloc orders for these products placed with UK producers increased much more than anticipated. Since August 16, 1954, the UK has licensed 9,632 metric tons of both covered and uncovered copper wire valued at \$7,840,000 for shipment to the bloc. These licenses cover deliveries for the six-month period ending February 15, 1955. The UK claims that

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exports most probably will be about 1,000 tons less than those approved because of differences over price, deliveries, etc. It is reported that the sharp rise in orders resulted partly from the fact that producers had built up a backlog of conditional sales in anticipation of a revision of the embargo list. Current orders are reported to be falling off.

The quantity of copper wire and cable approved for export to the bloc is 75 percent of the 1946-49 amount (covered and uncovered) and 193 percent of the largest single base-year shipments (1949). The British Foreign Office did not indicate what types of wire and cable were licensed, but a newspaper report indicated that one company had been granted licenses for insulated wire and cable valued at about \$7,000,000. The fact that this firm reportedly pressured for Soviet orders for some time suggests that most of these orders are for the formerly embargoed types defined in Appendix A. If the distribution of the licensed exports as between covered and uncovered types is the same as in the base period they would include more than 5,000 tons of previously embargoed categories. This is a relatively small proportion of the bloc's supply of raw copper¹ but is as much as the UK shipped to the bloc in the four-year period 1946-49.

Germany is the only other West European country for which information is available on bloc orders for copper wire since the relaxation of controls. Here again, as mentioned in the introduction, the indications are of a considerable increase in orders. If similar trends have developed in Belgium and Sweden, this would suggest that the COCOM objectives sought by embargoing raw copper and semifinished products defined in Appendix A were being partly nullified.

RECENTLY REPORTED COVERT SHIPMENTS OF COPPER WIRE TO THE SOVIET BLOC

No attempt has been made in this report to estimate covert shipments of copper wire because of the difficulty of identifying the products in most cases. Numerous reports, however, on copper diversions suggest that prior to the relaxation of controls some embargoed copper wire was being diverted to the east. It is reported that two different shipments totaling about 500 metric tons of electrolytic copper wire from Sweden moved in transit through Antwerp to the USSR in July and August 1954. These covert shipments exceeded total reported exports of Swedish copper wire and cable to the bloc in 1946-49. It is also reported that 254 tons of Swedish copper wire destined for Egypt were diverted from Rotterdam to Poland in December 1953.

1. There is no agreed intelligence estimate of the Soviet bloc production of copper. However, the various estimates of output in 1954 range between 300,000 tons and 500,000 tons.

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Some of the recently reported indirect movements of wire and cable from countries other than Sweden consisted of insulated wire and cable which presumably were not on the embargo list. For example, it was reported that about 1,500 metric tons of plastic insulated high tension wire were shipped from Germany to Moscow in the early part of 1954. These shipments are probably included in the official German exports shown in table 2. It was also reported that 105 metric tons of electric cables were loaded in Antwerp on a Swedish ship destined for Rumania. However, it is believed that this shipment is part of a compensation agreement between Belgium and Rumania.

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Appendix A

DEFINITIONS OF COPPER ON THE INTERNATIONAL LISTS

a. International List I.

The following definition of copper to be embargoed as Item 1650 was adopted by COCOM.

"Copper, as follows:

- (a) copper ores, concentrates, regulus, and matte;
- (b) copper and copper alloy scrap and old metal;
- (c) copper and copper-base alloys in the form of anodes and cathodes, billets, blocks, blooms, cakes, ingots, ingot bars, pellets, pigs, shot, slabs, sticks, wire bars and wire rods, and other cast shapes;
- (d) copper and copper-base alloy semi-finished products, as follows: sheets, strips, plates, rods, pipe and tubing."

b. International List III.

Copper wire and cable, as defined below, were removed from the embargo list on August 16, 1954 and placed on International List III as item 3652. Shipments of these products to the bloc are permitted but must be reported to COCOM.

"Copper and copper-base alloy semifinished and finished products, as follows:

- (a) wire (uncovered);
- (b) cable (uncovered);
- (c) insulated wire (single strand conductor), of a diameter of 0.014 inch (0.35mm.) or less."

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1. TOTAL EXPORTS AND EXPORTS TO THE SOVIET BLOC OF COPPER AND COPPER ALLOY WIRE AND CABLE

FROM THE PRINCIPAL WEST EUROPEAN PRODUCERS, 1946-49

	(metric tons)									
	Uncovered Wire and Cable ^a					Covered Wire and Cable ^b				
	UK	Belgium	West Sweden	Germany	Total	UK	Belgium	West Sweden	Germany	Total
1946										
Total	25,023	NA	7,363	NA	NA	75,808	NA	NA	469	NA
USSR	-	-	-	-	-	880	-	-	-	880
European Satellites	30	1,195	171	1,396	-	20	6	-	2	28
Czechoslovakia	-	1,195	-	1,195	-	-	6	-	-	6
Poland	30	-	171	201	-	20	-	-	2	22
1947										
Total	23,201	NA	9,355	NA	NA	72,611	NA	NA	421	NA
USSR	-	-	-	-	-	2,533	-	-	-	2,533
European Satellites	2,307	1,839	230	4,376	-	10	42	-	41	93
Czechoslovakia	-	1,839	-	1,839	-	-	39	-	-	39
Poland	2,307	-	230	2,537	-	10	3	-	41	54
1948										
Total	25,603	13,880	9,721	49,701	684	119,432	12,694	-	411	133,221
USSR	-	1,195	-	1,195	-	639	14	-	-	653
European Satellites	81	500	64	656	-	1,274	25	-	15	1,314
Czechoslovakia	-	-	-	11	-	-	25	-	-	25
Poland	62	-	64	126	-	1,264	-	-	15	1,279
Bulgaria	-	500	-	500	-	-	-	-	-	-
Hungary	19	-	-	19	-	10	-	-	-	10
1949										
Total	31,880	17,430	9,227	59,581	4,863	120,463	12,263	-	474	138,063
USSR	-	5,805	-	5,805	-	978	4,257	-	-	5,235
European Satellites	2,859	899	-	3,823	3	1,161	33	-	19	1,216
Czechoslovakia	-	895	-	938	-	-	16	-	15	31
Poland	7	-	-	7	-	806	10	-	4	820
Bulgaria	-	-	-	7	-	-	-	-	-	-
Hungary	2,852	-	-	2,863	-	104	4	-	-	108
Rumania	-	4	-	8	3	251	3	-	-	257

Table 1. (continued)

	(metric tons)									
	Uncovered Wire and Cable ^a					Covered Wire and Cable ^b				
	UK ^c	Belgium ^d	West Germany	Sweden	Total	UK	Belgium	West Germany	Sweden	Total
1946-49										
Total	105,707	NA	1,541 ^e	35,666	NA	388,314	NA	5,547 ^e	1,775	NA
USSR	-	7,000	-	-	7,000	5,030	4,271	-	-	9,301
European Satel- lites	5,277	4,433	76	465	10,251	2,465	106	3	77	2,651
Czechoslovakia	-	3,929	54	-	3,983	-	86	-	15	101
Poland	2,406	-	-	465	2,871	2,100	13	-	62	2,175
Bulgaria	-	500	7	-	507	-	-	-	-	-
Hungary	2,871	-	11	-	2,882	114	4	-	-	118
Rumania	-	4	4	-	8	251	3	3	-	257

NA Not available.

a Formerly embargoed.

b These data may include wire and cable produced from some metal other than copper, but it is unlikely that the quantity of such wire and cable is substantial. These exports are largely of the types which have not been embargoed. Available data suggest that the UK may have exported 120 to 160 tons of formerly embargoed insulated wire to the bloc in the period 1946-49.

c Copper wire and cable only.

d Includes wire bars and rods.

e Total for 1948 and 1949.

Sources: Official customs data of the exporting countries.

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Table 2. TOTAL EXPORTS AND EXPORTS TO THE SOVIET BLOC OF COPPER AND COPPER ALLOY WIRE AND CABLE FROM THE PRINCIPAL WEST EUROPEAN PRODUCERS, 1950-54.

	(metric tons)					
	Uncovered Wire and Cable ^a			Covered Wire and Cable ^b		
	UK	Belgium	Sweden	UK	Belgium	Sweden
1950						
Total	29,670	22,729	5,081	13,413	97,130	20,729
USSR	-	-	-	-	-	-
European Satellites	114	5,231	88	-	37	976
Poland	50	-	1	-	2	5
Hungary	64	-	27	-	-	5
Rumania	-	2	1	-	2	-
Bulgaria	-	585	40	-	73	-
Czechoslovakia	-	4,144	19	-	-	-
East Germany	-	500	-	-	5	-
1951						
Total	10,591	8,295	3,623	11,635	80,809	18,358
USSR	-	180	-	-	e	1,401
European Satellites	-	-	14	-	-	7
1952						
Total	9,333	10,194	6,028	12,785	96,375	28,790
USSR	-	-	-	-	e	655
European Satellites	-	-	-	-	-	82
1953						
Total	7,913	6,920	7,500	15,176	95,886	36,917
USSR	-	-	-	-	e	1,126
European Satellites	-	-	-	-	8,789	1,300
					1,068	13

Table 2. (continued)

	(metric tons)						
	Uncovered Wire and Cable ^a			Covered Wire and Cable ^b			
	UK ^e	Belgium ^d	West Germany	Sweden	UK	Belgium	West Germany
1954							
Total	7 mo's 3,083	4 mo's 1,684	6 mo's 4,408	7 mo's 10,541	7 mo's 41,614	4 mo's 5,594	6 mo's 26,121
USSR		-	-	-	e 6	1,458	4,069
European Satellites			21			6	546
							710

- a. Formerly embargoed.
- b. These data may include wire and cable produced from some metal other than copper, but it is unlikely that the quantity of such wire and cable is substantial. These exports are largely of the types which have not been embargoed.
- c. Copper wire and cable only.
- d. Includes wire bars and wire rods for 1950, but for other years data are for wire and cable only. Data for the last seven months of 1950 show that shipments to the European Satellites of only wire and cable were 4,229 metric tons.
- e. All shipments to these areas are not shown in the published trade statistics. UK data show exports of at least 1,343 metric tons to Rumania in 1952.

Sources: Official customs data of the exporting countries.

FD--Wash., D.C.

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